

**ARRA DEPARTMENTS – ARRA ORA ICRP/CAP**  
American Recovery and Reinvestment Act (ARRA)  
Allowable New ARRA Administrative Activities for  
Oversight, Reporting, and Auditing (ORA)

This notice outlines the information that departments receiving ARRA funds must submit to the Department of Finance to request additional administrative cost reimbursement for new ARRA oversight, reporting and auditing (ORA) activities performed or procured by the ARRA department. These new administrative costs will be included as the department component of the new ARRA ORA indirect cost rate proposal (ICRP) or a secondary cost allocation plan or public assistance cost allocation plan. The cost allocation plan or public assistance cost allocation plan will be generically referred to as CAP.

**The new ARRA ORA ICRP or CAP must be reviewed and approved by the Department of Finance, Fiscal Systems and Consulting Unit prior to submission to the department's federal cognizant agency.**

*Allowable indirect costs for the separate ARRA ORA ICRP or CAP are NEW activities necessary to fully comply with ARRA ORA activities. \**

*Categories of ARRA ORA expenditures that will be considered are: Planning ▪ Public transparency ▪ Oversight to prevent and detect waste, fraud, and abuse ▪ Additional data tracking ▪ Reporting ▪ Accountability measures*

*\*All new indirect costs for ARRA ORA activities will be carefully examined.*

The normal method to obtain reimbursement from the federal government for administrative costs is through an ICRP or CAP. A new ICRP or CAP will be submitted pertaining solely to ARRA ORA activities. Both the ICRP and CAP normally include two indirect cost components, statewide central service costs and departmental overhead costs.

**ARRA ORA Central Service Agency Costs:** Indirect costs incurred by the central service agencies for ARRA ORA activities will be included in a special SWCAP addendum. The Department of Finance will provide supplementary SWCAP allocations to the ARRA departments for inclusion in each department's new ARRA ORA ICRP or CAP.

**ARRA DEPARTMENTS and the ORA ICRP or CAP:** Indirect costs for activities incurred at the department level will be identified for inclusion in the new and separate ARRA ICRP specifically for ORA activities.

It is important to note that NEW ARRA ORA activities must be tracked separately from normal administrative costs.

Department ARRA ORA Indirect Costs

To be eligible for recovery, new indirect costs must meet the following criteria:

- a) Costs are indirect costs for **NEW** oversight, **NEW** reporting, and **NEW** auditing activities for the Recovery Act. These include additional data tracking, reporting, and new accountability measures to fully comply with ARRA.
- b) Costs pertain only to Recovery Act programs and activities.

- c) Costs do **NOT** include general administrative activities already included in the federally approved indirect cost rate or CAP. Costs associated with increased volume for normal administrative activities are **NOT** allowable as ARRA ORA costs. Categories of costs already allowable under the existing ICRP or CAP are not allowable as ARRA ORA costs eligible for the 0.5 percent supplemental funding.

For each of the new ARRA ORA activities that meet the above criteria, please submit the following information:

1. A brief description of the ORA activity.
2. Explain what ARRA ORA objective is being met. If the work pertains to specific ARRA requirements, please cite the source of the requirement.
3. Identify the unit rendering the service.
4. Interagency agreements – Identify the agencies involved and the ARRA activity performed.
5. If your department has received multiple ARRA grants, specify which grants benefit from this activity.
6. Describe the method used to separately identify ARRA ORA costs in the accounting system.
7. Frequency of the ORA requirement. Start date and end date if known.

Projected Expenditures and Workload Measures

8. Basis for the budgeted or estimated amounts.
9. Types of expenses in the service.
10. Interagency agreements specify the costs and include a detailed description of the method used to estimate the costs.
11. If your department has multiple ARRA grants, describe the allocation method of the service costs to the ARRA grants or unit of measure (e.g., hours, warrants, claims, positions, etc.)
12. To avoid double counting, please identify any positions and costs which have been redirected from regular administrative activities to administer the ARRA ORA activities.
13. Provide a workload estimate showing the allocation of each service to the specific ARRA grant.

Local Level

In cases where ARRA departments obtain the federal reimbursement for administrative costs on behalf of local entities the same information will be required as specified above.

In addition, the ARRA departments will need to:

1. Describe the method that will be used by the ARRA department to pay the local entities ARRA ORA activities.
2. Specify how the local entity received the ARRA funds.
  - a. Pass-through money from federal government via state to local entity.
  - b. Local entity received ARRA funds directly from the federal government.

After the state receives federal approval of the ARRA Oversight, Reporting, and Auditing SWCAP addendum, each department will receive written notification of the allocated central service agency costs to include as the statewide indirect component for its ICRP or CAP.

Each department's new ARRA ORA ICRP or CAP will be due to the Department of Finance within 2 weeks of receipt of the allocated statewide ARRA ORA indirect costs. ARRA Departments should be ready to incorporate the statewide ARRA ORA indirect cost allocation with the ARRA ORA department component.

**Target Dates:**

DATE	PRODUCT	FROM	TO
July 31, 2009	Central Service Agency estimated ARRA ORA Costs	CA central service agency	CA Department of Finance
September 15, 2009	SWCAP Addendum of ARRA ORA costs	CA Department of Finance	U.S. Department of Health and Human Services
September 30, 2009	Statewide allocation by ARRA Department of ARRA ORA Costs	California Department of Finance	CA Department receiving ARRA funds
October 15, 2009	New ARRA ORA ICRP or ARRA ORA CAP	CA Department receiving ARRA funds	CA Department of Finance
November 15, 2009	Review completion date of ARRA ORA ICRP or CAP	CA Department of Finance	CA Department receiving ARRA funds
November 30, 2009	Submission of ARRA ORA ICRP or CAP	CA Department receiving ARRA funds	Federal cognizant agency

If you have any questions please e-mail [Fiprowsp@dof.ca.gov](mailto:Fiprowsp@dof.ca.gov) or call Beverly Yokoi, Senior Administrative Analyst, Fiscal Systems and Consulting Unit, Department of Finance at (916) 445-3434, ext. 2144.